



HOUSE OF LORDS

226th Report

Ecclesiastical Committee

---

# **Church of England Pensions (Amendment) Measure**

---

Ordered to be printed 23 February 2009

---

*London* : The Stationery Office Limited  
£price

HL Paper 36-II  
HC Paper 269

### *The Ecclesiastical Committee*

The Ecclesiastical Committee is a statutory Committee appointed under the Church of England Assembly (Powers) Act 1919.

It comprises thirty members, fifteen of whom are Members of the House of Commons, appointed by the Speaker, and fifteen of whom are members of the House of Lords, appointed by the Lord Speaker. The quorum is twelve.

Appointments to the Committee are generally made early in a Parliament. Unless the Speaker or the Lord Speaker decide otherwise, members appointed by them remain on the Committee for the life of the Parliament.

While its powers are those laid down by the Act, the procedures it has adopted are those of a Joint Select Committee.

### *Current Membership*

HOUSE OF LORDS	HOUSE OF COMMONS
Lord Davies of Coity	Sir Stuart Bell
Lord Elton	Peter Bottomley
Lord Judd	Ben Chapman
Lord Laming	Sir Patrick Cormack
Lord Lloyd of Berwick (Chairman)	Ann Cryer
Baroness Massey of Darwen	Mr David Drew
Lord Newby	Mr Frank Field
Baroness Perry of Southwark	Mr John Gummer
Lord Pilkington of Oxenford	Mrs Sharon Hodgson
Baroness Rendell of Babergh	Simon Hughes
Lord Shaw of Northstead	Robert Key
Lord Wallace of Saltaire	Mr Gordon Marsden
Lord Walpole	Mr Desmond Swayne
Baroness Wilcox	David Taylor
Lord Williams of Elvel	Steve Webb

### *Remit*

The Ecclesiastical Committee examines draft Measures presented to it by the Legislative Committee of the General Synod of the Church of England. It reports to Parliament on whether or not it considers the measures to be expedient.

It generally asks members of the General Synod to assist it in its deliberations. In some circumstances a conference of the Ecclesiastical Committee and the Legislative Committee may be convened.

The Church of England Measure on which the Committee has reported is presented to both Houses in its final form at the same time as the Committee makes its report.

Before the Measure becomes law, both Houses must approve motions that the Measure should be presented to the Sovereign for Royal Assent in the form that it was laid before Parliament.

Once both Houses have passed the necessary approval motions, the Measure is presented for Royal Assent and becomes law.

### *Publications*

The reports and proceedings of the Committee are published by The Stationery Office by Order of both Houses. All publications of the Committee are on the internet at [www.parliament.uk](http://www.parliament.uk)

### *Contacts*

All correspondence should be addressed to the Secretary of the Ecclesiastical Committee, House of Lords, London, SW1A 0PW. The telephone number for general enquiries is 020 7219 3152.

## CONTENTS

---

	<i>Paragraph</i>	<i>Page</i>
Church of England Pensions (Amendment) Measure	1	5
Legislative Committee Comments and Explanations on the Church of England Pensions (Amendment) Measure	1	6
Conclusion	9	8



# Report by the Ecclesiastical Committee on the Church of England Pensions (Amendment) Measure

The Ecclesiastical Committee has met and considered the

## **Church of England Pensions (Amendment) Measure**

referred to it under the provisions of the Church of England Assembly (Powers) Act 1919.

1. The Measure amends the Church of England's pension legislation by extending the current power of the Church Commissioners to apply capital in the discharge of their pensions liabilities to 31st December 2018.
2. The Measure's provisions are described in the Comments and Explanations of the General Synod annexed to this Report.
3. The Committee is of the opinion that the Measure is expedient.

## LEGISLATIVE COMMITTEE COMMENTS AND EXPLANATIONS ON THE CHURCH OF ENGLAND PENSIONS (AMENDMENT) MEASURE

---

**The Church of England Pensions (Amendment) Measure amends the Church of England’s pensions legislation by extending the current power of the Church Commissioners to apply capital in the discharge of their pensions liabilities to 31st December 2018.**

### *Introduction: The Measure and its Origins*

1. The Legislative Committee of the General Synod, to which a Measure entitled the Church of England Pensions (Amendment) Measure (“the Measure”) has been referred, has the honour to submit the Measure to the Ecclesiastical Committee with these Comments and Explanations.

2. The Pensions Measure 1997:

- (a) limited the Church Commissioners’ clergy pensions liabilities to those arising from service before the end of 1997;
- (b) created a funded scheme into which dioceses (through funds raised from parishes) pay clergy pension contributions in respect of service from and after 1 January 1998; and
- (c) gave the Commissioners power until 2004 to spend their capital in meeting their pensions liabilities.

3. It is the last of these provisions with which the new Measure is concerned.

4. The Commissioners’ power to spend capital in meeting their pensions liabilities allows them to maintain a significant amount of other support for the Church’s ministry, including that in the neediest parishes. Their initial power under the 1997 Measure expired at the end of 2004 and was renewed for a further seven years by the Church of England (Pensions) Measure 2003, a period which will expire at the end of 2011 unless fresh legislative provision is made.

5. The original version of the 2003 Measure submitted to the Ecclesiastical Committee in January 2002 provided in addition to the renewal of the power, for the possibility of an unlimited number of further extensions of the power for successive periods of seven years, to be achieved by Orders made by the Commissioners. Any such Order would have been laid before the General Synod for approval and then laid before Parliament as a statutory instrument under the negative resolution procedure. Whereas the Ecclesiastical Committee was willing to find the extension of the power expedient, it was opposed to any future extensions of the period otherwise than by further Measure because of Parliament’s wish to retain control over the application of the Commissioners’ capital funds due to the origin of some of those funds. The Measure was therefore withdrawn in the light of the Ecclesiastical Committee’s expressed concern and taken back to the General Synod with the relevant provisions removed. The 2003 Measure was then brought back to the Ecclesiastical Committee in July 2002, on which occasion it found the Measure to be expedient.

6. The 1997 Measure stemmed from the realisation in the mid-1990s that the Commissioners’ asset base could not sustain both their pensions liabilities and

their other support for the Church (support for the ministry of bishops and cathedrals and for parish mission and ministry). Without the power to spend capital, the Commissioners would have had to bridge the gap between income and expenditure either by cutting their distributions, or by investing in high yielding assets which would reduce growth and distributions over the long term. The power to spend capital granted in 1997 has enabled the Commissioners to follow an investment policy that focuses on long-term total returns, which means investing in real assets with the opportunity for capital growth. The power has therefore been a crucial contributor to the significant success of their fund over the last decade. Over the ten years 1998 to 2007, a period throughout which they have had power to spend capital, the Commissioners' returns would have placed them in the top 2% of funds assessed by WM's index, a widely used comparator for fund performance. This outperformance has translated into £37m more every year for the Church than would have been possible if the fund had performed in line with the average. The growth of the Commissioners' assets means that their pensions liabilities, which represented 50.3% of total assets at the end of 1997 and 45.5% of total assets on the first renewal of the power in 2002, now represent only 28.7% of total assets.

*The Church of England Pensions (Amendment) Measure*

7. Clause 1 of the new Measure substitutes the year "2018" for the year "2011" in section 7(2) of the Pensions Measure 1997 (as amended), thus extending the period in which the Commissioners have the power to spend capital until 31 December 2018. The purposes for which the Commissioners will have the power to spend capital remain the same, namely the payment of clergy and staff pensions in respect of service before 1998. Clause 2 deals with the short title, commencement and extent of the Measure.

8. In February 2008, the Synod gave First Consideration to the draft Measure. No submissions for amendments having been made by Synod members to the Revision Committee, and the Synod itself having made no amendments to the draft Measure, the Measure was given Final Approval in July 2008 on a division by Houses. The voting figures were as follows:

	<b>In favour</b>	<b>Against</b>	<b>Abstentions</b>
Bishops	22	0	0
Clergy	79	0	0
Laity	97	1	1

## CONCLUSION

---

9. The Legislative Committee invites the Ecclesiastical Committee to issue a favourable report on the Measure. In the event of the Ecclesiastical Committee requiring any further information or explanation, the Legislative Committee stands ready to provide this.

On behalf of the Committee

Philip Giddings

(Deputy Chair)

15th September 2008

